

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF DANIEL R.) APPEAL NOS. 07-A-2254
JAMES from the decisions of the Board of) AND 07-A-2255
Equalization of Fremont County for tax year 2007.) FINAL DECISION
) AND ORDER

VACANT COMMERCIAL LOT APPEALS

THESE MATTERS came on for hearing October 24, 2007, in St. Anthony, Idaho before Board Member David E. Kinghorn. Board Member Lyle R. Cobbs participated in this decision. Appellant Daniel R. James appeared at hearing. Assessor Kathy Thompson, Mapper Barbara Hirschi and Appraisers Kent Lords and Bruce Hill appeared for Respondent Fremont County. These appeals are taken from two (2) decisions of the Fremont County Board of Equalization denying the protests of the valuations for taxing purposes of properties described as Parcel Nos. RP00080007003AA and RP000800070040A.

The issues on appeal are the market values of two (2) vacant commercial lots.

The decisions of the Fremont County Board of Equalization are reversed in part and affirmed in part.

FINDINGS OF FACT

Parcel No. RP00080007003AA (Lot A)

The assessed land value is \$41,980. Appellant requested the land value be reduced to \$28,106.

The subject property is a 1.72 acre vacant commercial lot located in Last Chance Ranch Subdivision in Island Park, Idaho.

Parcel No. RP000800070040A (Lot B)

The assessed land value is \$29,520. At hearing Appellant requested the land value be

reduced to \$20,000.

The subject property is a .698 acre vacant commercial lot located Last Chance Ranch Subdivision #7 in Island Park, Idaho.

Appellant argued assessments in subjects' subdivision were inequitable. In support of this, Appellant pointed to the different assessments of subject lots A and B. It was noted the value of Lot B increased roughly 109%, while Lot A increased only 72%.

Appellant explained Lot A was actually three (3) separate parcels that could be sold separately, however, were combined for assessment purposes. Appellant divided the value of Lot A by three (3) to arrive at a value per individual lot of approximately \$14,000. As the lots were nearly the same size as Lot B, Appellant reasoned the value of Lot B should be similar. Appellant acknowledged larger lots sell for less per acre than smaller lots and because Lot A was being valued as a single 1.72 acre parcel, agreed Lot B should be valued somewhat higher than \$14,000. As such, Appellant believed a fair value for Lot B would be \$20,000.

Respondent mentioned a downward adjustment of 18% was applied to Lot A to account for septic issues. Lot B was given a negative 28% adjustment for septic and water issues. Respondent agreed larger lots sell for less per acre than smaller lots, which was argued to explain the different values per acre between Lot A and Lot B.

Due to the lack of commercial sales in subjects' subdivision, Respondent assessed the properties according to a land value schedule developed from residential sales in the subdivision. The sales occurred during 2005 and 2006. Lot sizes and sale prices were provided in a spreadsheet, however, no details concerning location within the subdivision or physical characteristics of the sale properties were included. Appellant argued it was improper to use residential sales to support the assessment of commercial properties.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

It appears Appellant is not challenging the value of Lot A. In fact, Appellant used the assessment of this parcel to support a reduction in the value of Lot B. As such, we will affirm the decision of the Fremont County Board of Equalization concerning Lot A (Parcel No. RP00080007003AA).

Respondent assessed subjects using land value rates derived from a study of residential property sales in subjects' subdivision. This practice is not uncommon in the field of mass appraisal. Because there were a lack of commercial sales, residential property transactions were the only source of sales data available to Respondent. We understand the difficulty faced by the County in this regard.

The burden is on Appellant to show by a preponderance of the evidence that the value assigned by the Assessor is erroneous. Idaho Code § 63-511. Appellant argued it was improper to use residential sales to value commercial properties. While we generally agree, no market data was produced to either prove or disprove this notion. As such, Appellant has failed to meet the burden of proof on this issue.

Appellant also alleged inequitable assessment of Lot B compared to Lot A. It was noted Lot A actually included three (3) separate parcels that could be sold off individually. The parcels were grouped together for assessment purposes and valued collectively at \$41,980. Appellant divided the assessed value by the number of lots (3) to arrive at an estimated value of \$14,000

per lot. Appellant acknowledged because Lot A was being valued as a single 1.72 acre lot, it would be inappropriate to simply value Lot B at .698 acres at the same \$14,000 rate. Respondent made the same argument. We agree, economies of scale naturally suggest that approach would be inaccurate.

“ . . . to require a standard of absolute accuracy and uniformity would be futile. These ends are the ideal, and where the assessor deviates excessively relief will be granted. But, the presumption is that the assessor was correct.” Title & Trust Co. v. Board of Equalization, 94 Idaho 270, 277, 486 P.2d 281, 288 (1971).

Interesting is the more than \$15,000 difference in the assessment rate applied to Lot B compared to the individual parcels in Lot A (if we simply divide the total assessed value by the number of parcels). Perhaps there is good reason for the seemingly large variance, but the County failed to explain or otherwise support the difference.

What is more troubling to the Board, however, is Respondent's admission that inequities exist with subjects' subdivision. This appears to be illustrated with the assessments of subject Lots A and B. The initial burden of proof lies with Appellant, however when that burden is met as it was here, the County must then prove the assessment to be accurate. Vague reference to a land value schedule does not rise to that level.

Respondent has not convinced us the assessment of Lot B is accurate. Accordingly the decision of the Fremont County Board of Equalization concerning Lot B (Parcel No. RP000800070040A) is reversed to reflect a land value of \$20,000. This value is the end result after the above-noted downward adjustments are applied (28% for septic and water issues).

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the

Fremont County Board of Equalization concerning the subject parcels be, and the same hereby are, reversed in part and affirmed in part as follows:

Parcel No. RP000800070040A	\$20,000 land value
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Parcel No. RP00080007003AA	\$41,980 land value
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MAILED April 30, 2008